

## Auckland Metro DHBs Holidays Act Programme

Update: 12<sup>th</sup> March 2020

### Background

From October 2019, the 20 DHBs/NZBS, began reviewing their payroll systems and processes to ensure that they are compliant with the Holidays Act. Non-compliance with the Holidays Act 2003 is a problem shared by employers throughout the country, however the size of the DHB workforce means this is one of the largest projects of its type in the country.

The DHBs, NZBS, the CTU and health unions, and MBIE's Labour Inspectorate have worked together to develop an agreed baseline document detailed in a Memorandum of Understanding between all parties by which the payroll systems and processes can be assessed consistently nationwide.

The Auckland Metro Region DHBs (Auckland, Counties Manukau and Waitematā) and Northland were the first DHB's to undertake the review. The remaining DHB's/NZBS will begin their reviews prior to the end of April 2020.

Each DHB/NZBS project is in three phases:

- **Review of payroll system and processes** to identify any areas of non-compliance with the Holidays Act
- **Rectifying (fixing) the payroll system**, processes and policies to ensure compliance and
- **Remediation - assessment of all individual ex-employee and employee payments** back to 1 May 2010, and payment of any money owed to past and current employees if they have not been paid correctly.

### Where are we at now?

In October 2019, Ernst & Young (EY) was engaged to undertake an independent audit of the Auckland Metro Region payrolls. The audit compared our payroll systems configuration and processes to the baseline document. The audit is now complete and the findings have been shared with the Boards, Executive teams and our Union partners.

Over the coming months rectification planning will be undertaken to identify how each of the breaches will be corrected. This will involve identifying changes to our payroll systems configuration, processes, contracts, policies and MECA's to be compliant with the Holidays Act. The rectification process is very complex and requires input from our union partners, payroll teams, payroll system vendors and employment relations experts. It is estimated that this work will take 3 to 9 months to complete depending on the complexity of the changes needed. In order to ensure that our rectification plans are compliant with the Holidays Act 2003 and sustainable, MBIE will be validating our rectification plans prior to any changes being made.

Once rectification is complete, recalculations of employee entitlements will be made. Again, this is a complex process and due to the length of the remediation period and the number of employees impacted, both current and terminated. It is estimated that this work will take up to 9 months to complete following the completion of the rectification process.

At this stage we cannot provide a date of when employees may receive any payments, but we can assure you we are working closely with our union partners to ensure that this process is thorough and sustainable for the future.